



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)

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Fourth District, Pasadena
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Controller, Sacramento

DOUGLAS D. BELL
Executive Secretary

No. 85/33

March 5, 1985

TO COUNTY ASSESSORS:

CONTROL AND OWNERSHIP OF LEGAL ENTITIES
ACQUIRED AS "COMMUNITY PROPERTY"

This letter is to inform you that it is the opinion of the Board's legal staff that where a husband and wife acquire an ownership interest in a legal entity as "community property," the acquisition, for property tax purposes, should be treated in the same manner as an acquisition where husband and wife take title as "joint tenants." See County Assessors' Only Letter No. 83/17, dated July 15, 1983; OWNERSHIP INTERESTS IN ENTITIES HELD BY SPOUSES AS JOINT TENANTS (copy enclosed).

Sincerely,

Verne Walton

Verne Walton, Chief
Assessment Standards Division

VW:gr

Enclosure

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(916) 445-4982



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Executive Secretary

CAO 83/17

July 15, 1983

TO COUNTY ASSESSORS ONLY:

OWNERSHIP INTERESTS IN ENTITIES HELD BY SPOUSES
AS JOINT TENANTS

The question recently arose as to the proper treatment of a situation in which a husband and wife acquire ownership interests in a legal entity as joint tenants. The Board's legal staff has advised that a husband and wife holding ownership interests in legal entities as joint tenants are to be considered separate individuals, each owning 50% of the ownership interests in question. The fact they are married cannot be used to attribute the ownership of one spouse to that of the other so as to find one spouse has directly and indirectly acquired more than 50% ownership in a legal entity.

The estate of joint tenancy presumes that all of the joint tenants own equal undivided shares. For example, two joint tenants each own 50%, three joint tenants each own 33-1/3%, four joint tenants each own 25%. There will always be at least two joint tenants to share equally in the ownership of the property owned by the joint tenants. Thus, if all the outstanding voting stock of a corporation is acquired by a husband and wife as joint tenants, they each own 50% of voting shares equally, not more than 50%. Shares owned by one spouse cannot be attributed to the other. Consequently, while all of the shares have been transferred, and ownership of the shares has changed, no single person has acquired "control" within the meaning of Revenue and Taxation Code Section 64(c). The transaction would be excluded from reappraisal by Section 64(a).

Sincerely,

Verne Walton

Verne Walton, Chief
Assessment Standards Division

VW:ga